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U.S. Ambassadorship To Indonesia Is Post Without a Person

And Therein Lies Bizarre Tale
Of Politics and Backbiting:
The Bafflement in Jakarta

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WASHINGTON—The red carpet is being rolled out here for Indonesian President Soeharto, who is arriving today to the kind of effusive welcome the White House reserves for important friends. But the public warmth won't reveal that Indonesia is an unwitting player in one of the most bizarre back-corridor personnel struggles of the Reagan administration.

For nearly a year, the administration has failed to name an ambassador to Indonesia, an oil power and the fifth most populous country in the world. There isn't any shortage of candidates. Four different names, including that of one of this country's most distinguished diplomats, have been floated in administration circles.

But in each case the choice has been blocked by the political backbiting that sometimes paralyzes the Reagan administration and keeps important national-security jobs vacant for months. Conservatives fight liberals over who should get the job, and the State Department's professionals fight with the White House politicians. "It is the single most tortured ambassadorial saga of this administration," says Richard Holbrooke, former assistant secretary of state in charge of East Asian affairs and now a senior adviser of Lehman Brothers Kuhn Loeb Inc.

The latest candidate for the job is Washington businessman Kent B. Crane. He hasn't been officially nominated, but friends say President Reagan called him recently to ask if he'd be willing to take the job.

Controversial Choice

Yet his nomination may be dropped because of the controversy it would cause, administration officials say. According to a variety of present and former government officials, Mr. Crane is a former Central Intelligence Agency undercover agent who has close ties to President Soeharto and to a prominent Indonesian businessman.

State Department professionals, who would like to see a diplomatic pro named to the job, are anguished over the prospect of Mr. Crane's nomination. Some senators, who would have to approve the choice, are ready to pounce on it. They think Mr. Crane's Indonesian ties amount to a conflict of interest and they question whether former intelligence agents should become ambassadors.

Mr. Crane's friends are angered by the controversy. "It seems to me that this is a power play and that it's an effort to reject one more political appointee to an ambassadorial post," says Richard V. Allen, the former national-security adviser to President Reagan. "In this case, however, it involves the rejection of a qualified appointee." (Mr. Crane himself hasn't returned several phone calls placed to him by this newspaper.)

Mr. Crane is hardly the first man to be caught in a power play over the post in Jakarta. The saga actually began last fall, when Ambassador Edward Masters was retiring from the post. The administration decided at the time it would nominate Michael Armacost, a specialist in Asian affairs in the State Department, for the job. Indonesians were told, and the transition was about to be made smoothly.

That was before Morton Abramowitz, one of the State Department's most highly decorated diplomats, entered the picture. Mr. Abramowitz had been ambassador to Thailand. Secretary of State Alexander Haig decided at about that time to promote him to assistant secretary of state in charge of East Asia.

White House Enemies

But Mr. Abramowitz, a blunt-spoken man, had made enemies among the conservatives in and around the Reagan White House. Some of them decided he shouldn't get the job. They drew up a "point paper" about him and began circulating it in the White House.

Much of what the paper said is incorrect or misleading, but Mr. Abramowitz's supporters say the paper was poison for Mr. Abramowitz. It charged he has a "political philosophy . . . akin to McGovern, Muskie and Mondale" and said he was the "architect for U.S. troop withdrawal from Korea," an idea advanced by the Carter administration.

In truth, Mr. Abramowitz is known as a tough-minded political moderate, rather than the liberal the paper portrayed. And friends say that Mr. Abramowitz, who was posted to the Pentagon at the time, privately opposed withdrawing troops from Korea. But he publicly defended the policy once President Carter decided on it.

The damage was done, however. Mr. Haig decided against naming Mr. Abramowitz to the assistant secretary's job and considered sending him as ambassador to the Philippines. But conservative military officers objected again, complaining he couldn't be trusted to handle the sensitive is-

sue of maintaining U.S. military facilities there.

So the White House decided to send him instead to Indonesia. Mr. Armacost, who had been picked for that job, was switched at the last minute to the Philippines. Indonesia was baffled and miffed at the switch.

Indonesia grew more upset when the mysterious "point paper" on Mr. Abramowitz reentered the picture. Somehow the paper found its way to Indonesia and into the hands of President Soeharto. U.S. officials say. Indonesian officials decided Mr. Abramowitz was out of step with Washington power circles.

Indonesia privately sent word to the State Department last November that it didn't want Mr. Abramowitz. Mr. Haig thought the Indonesian stand would change, so he simply let Mr. Abramowitz hang in limbo for six months. Finally, last May, the State Department announced that Indonesia had rejected him. He is still waiting to hear what his next assignment will be.

It isn't clear who wrote the damning "point paper." Mr. Abramowitz's friends charge that one key player was Daniel Arnold, a former CIA official in Asia who had clashed with Mr. Abramowitz. Mr. Arnold denies he helped write the memo, although he acknowledges being called by an undisclosed friend and answering "several questions" about Mr. Abramowitz. "I think the memo was written in the White House," he says. Mr. Abramowitz's friends also suggest that retired Gen. Richard Stilwell, a former intelligence official and now deputy undersecretary of defense for policy, played a hand. But Gen. Stilwell denies that.

In any case, the State Department suggested that the White House fill the Indonesia job instead with Daniel O'Donohue, a foreign-service officer serving in the State Department's Asian bureau. One of his supporters, officials say, is special Mideast envoy Philip Habib. But the White House turned down the suggestion and said it had picked Mr. Crane.

State Department records show Mr. Crane was an official in the U.S. embassy in Indonesia from 1960 to 1962, in some unspecified job in the department from 1962 to 1964, in the embassy in Tanzania in 1964 and in the embassy in Ghana in 1965. Sources inside and outside the government say Mr. Crane was actually working for the CIA during this period and using a State Department title as cover.

Friends in High Places

Today, Mr. Crane is president of Crane Group Ltd., an international investing and consulting firm. At some point in his intelligence and business career, he developed a friendship with President Soeharto, U.S. officials say. A few years ago, friends say, Mr. Crane helped President Soeharto's son enroll in a college in Virginia. Mr. Crane reportedly even helped the son decide on a course of study to his liking and helped enroll his fiancée.

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Mr. Crane also has developed business ties to a wealthy Indonesian entrepreneur named Yani Haryanto, sources inside and outside the government say. Administration aides say Mr. Crane has, for several years, invested Mr. Haryanto's money in numerous U.S. projects, particularly in large ranches. Mr. Haryanto also is friendly with the Indonesian first family, according to a businessman who deals extensively with Indonesia.

Mr. Crane's friends say that after President Reagan offered him the job in Jakarta he severed all his Indonesian business ties. Still, the White House hasn't been able to resolve other questions raised about Mr. Crane. For example, a background check being done on Mr. Crane in connection with the possible ambassadorial appointment turned up suggestions that he was somehow linked to illicit weapons sales. But officials say such allegations haven't been substantiated.

One of the areas that administration officials are looking into is the activities of Techdirective, a company Mr. Crane helped found last year. The company, based in Washington, was to market special, lightweight plastic holsters, weapons and weapons-related equipment. But Howard Bane, one of Mr. Crane's partners in the venture, said the only device ever developed by the company was the special holster and that the company collapsed before any products could be marketed.

Senators Step In

Lawmakers who have gotten word of Mr. Crane's selection remain uneasy. They wonder whether his business interests or his intelligence background would interfere with his ability to carry out orders as ambassador. "If there's anything unusual about this guy, he isn't going to make it through the (Foreign Relations) Committee," says one Senate staffer.

Also, disgruntled congressional supporters of Mr. Abramowitz may balk at approving any envoy to Indonesia until Mr. Abramowitz is given another good job, as he has been promised. Democratic Sen. John Glenn of Ohio and Republican Sen. S.I. Hayakawa of California, both members of the Senate Foreign Relations Committee, recently sent a letter to Secretary of State George Shultz urging that Mr. Abramowitz be given a good job. "I've expressed my interest in Mori receiving a job commensurate with his abilities both in the letter and in conversation, and I'm confident something can be worked out," Sen. Glenn says.

And so White House officials have told Mr. Crane his nomination is being held up pending a review of his background and business dealings. "I think the situation hasn't been decided," Mr. Allen says. "I hope the president reviews this case carefully." But State Department officials think the choice of Mr. Crane is dead. They doubt the White House wants to endure more controversy over a post that already has provided more than its share.